



**City of Santa Barbara**  
Airport Department

**DATE:** March 16, 2011  
**TO:** Airport Commission  
**FROM:** Karen Ramsdell, Airport Director  
**SUBJECT:** Rental Car Concession Agreements

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**RECOMMENDATION:** That Airport Commission approve and authorize the Airport Director to execute four five-year Rental Car Concession Agreements for the management of a rental car business at the Airline Terminal at 500 Fowler Road and the Quick Turn-Around Facility (QTA) at 25 David Love Place, at the Santa Barbara Airport, effective June 7, 2011 or the date of beneficial occupancy, whichever occurs first, with:

- A. Avis Budget Car Rental, LLC, a Delaware Corporation, representing Avis Rent A Car System, LLC, and Budget Rent A Car System, Inc., for an annual minimum guarantee of \$465,000 or 10% of gross receipts, whichever is greater;
- B. Enterprise Rent-A-Car Company of Los Angeles, LLC, a Nevada Corporation, representing Enterprise Rent-A-Car, and National Car Rental, for an annual minimum guarantee of \$464,016.00 or 10% of gross receipts, whichever is greater;
- C. The Hertz Corporation, a Delaware Corporation, representing Hertz and Hertz Advantage, for an annual minimum guarantee of \$425,000.00 or 10% of gross receipts, whichever is greater; and
- D. Enterprise Rent-A-Car Company of Los Angeles, LLC, a Nevada Corporation, representing Alamo Rent A Car a Delaware Corporation, for an annual minimum guarantee of \$101,004 or 10% of gross receipts, whichever is greater.

**DISCUSSION:**

Background

Airport car rentals provide an essential and convenient transportation option for airport travelers and an important source of revenue for the Airport. Since the early 1990's the Airport's rental car facility has accommodated four national brands.

In the last ten years, major changes have occurred in the Rental Car Industry as a result of a bankruptcies, mergers and acquisitions. National, Alamo and Enterprise are operated by Enterprise Holdings, Inc. Avis and Budget are operated by Avis Budget Car Rental, LLC. Hertz and Advantage are operated by The Hertz Corporation, and Dollar and Thrifty are operated under the umbrella of DTAG. In addition, some affiliated brands have combined their fleets of

vehicles to increase operating efficiency. These changes in the Rental Car industry have led to an increased acceptance of "Dual Branding" by Airports.

"Dual Branding" occurs when rental car companies with more than one brand propose one Minimum Annual Guarantee for one location, then use the operating space for more than one brand. The monthly percentage rent of the Dual Brands is combined, and the Airport receives the greater of the combined percentage rents or the bid Minimum Annual Guarantee.

### Request for Proposals

On January 28, 2011, Airport staff distributed a Request for Proposals to the rental car industry for a five-year concession agreement which includes operating in the New Airline Terminal and the use of the Quick Turn Around (QTA) facility. "Dual Branding" was allowed for the purpose of this RFP provided that all brands, proposing to operate in a single concession space, were specified in the proposal.

A mandatory pre-proposal meeting was held on February 10, 2011 and the following brands were represented, and therefore eligible to submit a proposal: Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Thrifty, and U-Save.

After the mandatory pre-proposal meeting, written questions were submitted by the companies asking for clarification, changes, or additional information. An Addendum was issued on February 25th to provide final clarification on the Request for Proposals prior to the submission of the proposals on March 10th.

The Proposal item is a Minimum Annual Guarantee (Guarantee) payment or ten percent (10%) of gross revenue to the City for the right to operate a Rental Car Concession at the Airport. The Guarantee fee for each proposal shall not be less than \$65,000 annually.

The four concession spaces include counter, office, and ready/return parking at the Airline Terminal and use of the QTA, including office/breakroom space, maintenance bays, fueling, car wash facilities and overflow parking.

The following qualified proposals were received:

<b>Company</b>	<b>Brands</b>	<b>Minimum Annual Guarantee</b>
Avis Budget Car Rental, LLC	Avis Rent A Car System, LLC, Budget Rent A Car System, Inc.	\$465,000.00
Enterprise Rent-A-Car Company of Los Angeles, LLC	Enterprise Rent-A-Car, National Car Rental	\$464,016.00
The Hertz Corporation	Hertz, Advantage	\$425,000.00
Enterprise Rent-A-Car Company of Los Angeles, LLC	Alamo Rent A Car	\$101,004.00
Meyer Rent A Car, Inc. Db a Thrifty Car Rental	Thrifty Car Rental	\$65,000.00

### Evaluation of Proposals and Award of Concession

Individual proposals were evaluated for completeness and ranked from highest to lowest by the Guarantee.

The four successful companies with the highest bid Minimum Annual Guarantees have been recommended for Concession Agreements.

In addition to the Minimum Annual Guarantee or 10% percent of gross receipts, the rental car companies will also pay \$30 per month for each Ready/Return parking space, and \$0.13 per square foot per month for the Quick Turn Around facility and overflow parking located at 25 David Love Place.

The current Concession Agreements and Quick Turn Around facility leases will expire on the effective date of the new agreements.

The proposed Concession Agreements have been reviewed and determined to be exempt from environmental review.

**PREPARED BY:** Business & Property Division